

CONSTANTINE TOWNSHIP  
ST. JOSEPH COUNTY, MICHIGAN

REPORT OF AUDIT  
AS OF  
MARCH 31, 2006

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Constantine Township</b>	County <b>St. Joseph</b>
Audit Date <b>3/31/06</b>	Opinion Date <b>6/26/06</b>	Date Accountant Report Submitted to State: <b>9/22/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <b>Shirley J. Jones, CPA, PC DBA Jones' CPA Office</b>			
Street Address <b>100 S. Washington</b>	City <b>Constantine</b>	State <b>MI</b>	ZIP <b>49042</b>
Accountant Signature <b>Shirley J. Jones</b>			

## CONSTANTINE TOWNSHIP

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## Jones' CPA Office

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Shirley J. Jones, CPA

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### INDEPENDENT AUDITOR'S REPORT

#### Constantine Township Board

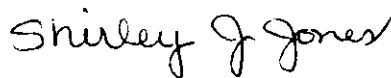
We have audited the accompanying financial statements of the governmental activities and the discretely presented component unit of Constantine Township, St. Joseph County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Constantine Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the discretely presented component unit of Constantine Township, St. Joseph County, Michigan, as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 16, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Jones' CPA Office



Constantine, Michigan

June 26, 2006

## Constantine Township Management's Discussion and Analysis

As the Constantine Township Board, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Township for the year ended March 31, 2006. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please consider the information presented here in conjunction with the financial statements and notes that follow.

### Overview of the Financial Statements

The Township's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains budgetary schedules as part of the required supplementary information.

The government-wide financial statements provide a broad view of the Township's operations. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods used by most businesses. All revenues and expenses are accounted for within the fiscal year, even if the cash involved has not been received or paid. The government-wide financial statements include two statements. The statement of net assets reports all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Increases or decreases in net assets may help determine if the Township's financial position is improving or deteriorating. The statement of activities presents information that shows how the net assets changed during the most recent year.

The governmental funds financial statements report the Township's operations in more detail. These are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund financial statements provide a short-term view of the finances that help to determine whether there will be sufficient resources available to meet the current needs of the Township.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 12 through 15. The statement regarding the budget is required supplementary information.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Township's net assets totaled \$592,146 at March 31, 2006. A portion of the Township's net assets (29% and 31% for the years presented) is its investment in fixed assets, net of depreciation. Keep in mind that these assets are used to provide township services to the public, consequently these assets are not available for future spending. Furthermore, a portion of the Township's net assets (25% and 24%, respectively) represents resources that are subject to restrictions on how they may be used. The restricted net asset amount is Constantine Township's portion (60%) of an investment held jointly with Florence Township (40%). The purpose of the investment is to fund future fire equipment purchases. The remaining balance of unrestricted net assets (46% or \$270,152 and 45% or \$261,088, respectively) may be used to meet ongoing obligations to citizens.

### Constantine Township's Net Assets

	<u>March 31, 2006</u>	<u>March 31, 2005</u>
Current assets	\$426,874	\$397,918
Capital assets	169,318	180,965
Total assets	596,192	578,883
Less:		
Current liabilities	(4,046)	(848)
Invested in capital	169,318	180,965
Restricted	152,676	135,982
Unrestricted	270,152	261,088
Total net assets	<u>\$592,146</u>	<u>\$578,035</u>

The Township's net assets increased by \$14,111 during the year ended March 31, 2006. Approximately 30% and 32%, respectively, of the Township's total general revenue (\$226,569 and \$214,076) came from property taxes, IFT collections, the summer tax collection fee, and special assessments. The biggest source of general income (62% and 65%, respectively) was from state revenue sharing. Total revenues were \$15,727 (almost 7%) more in the current fiscal year. Charges for services increased by \$3,234 and state revenue sharing was up \$2,304. Total expenditures decreased for the year ended March 31, 2006 by \$2,556 (about 1%). The largest expenditure was general government, which accounted for about 70% and 76%, respectively, of the total expenditures. General government expenditures were less this fiscal year, largely due to decreases in Land Resource and Attorney fees. Fire and Rescue income was down \$1,660, while Fire and Rescue expenditures were up \$11,736. The general government expenditures are reported in more detail in the statement of Revenues, Expenditures, and Changes in Fund Balance on page 9 and the Schedule of Township Board Expenditures on page 17.

Constantine Township's Statement of Activities

	March 31, 2006	March 31, 2005
Revenues:		
Program revenues:		
Charges for services	\$17,775	\$14,541
General revenues:		
Property taxes and IFT collections	61,069	61,521
Summer tax collection fee	5,293	5,250
Special assessments	490	998
State revenue sharing	140,885	138,581
Interest	11,030	4,832
Permits, fees, fines	1,500	1,872
Reimbursements	3,084	1,022
Miscellaneous	3,218	0
Total revenues	244,344	228,617
Expenditures:		
General government	161,396	177,465
Public safety	43,149	34,652
Public works	25,688	20,672
Total expenditures	230,233	232,789
Change in net assets	14,111	(4,172)
Beginning net assets	578,035	582,207
Ending net assets	\$592,146	\$578,035

### Fund Statement Financial Analysis

The governmental fund financial statements (as presented in the balance sheet and the statement of revenues, expenditures, and changes in fund balances found on pages 8 and 9) report a combined fund balance of \$422,828. The difference between the combined fund balance and the net assets is \$169,318, which is net capital assets. Similarly, the difference between the change in fund balances and the change in net assets has to do with the reporting of net assets, both depreciable and nondepreciable, as reported in the reconciliation found on page 10.

### Budgetary Highlights

The budget was amended on several occasions throughout the year to prevent overruns in several accounts. There were no excess expenditures for the year ended March 31, 2006. The actual charges to expenditures were \$75,924 below the final budget amounts. The largest part of the under spending was attributable to Township Board (\$19,548), Cemetery Supplies (\$13,634), capital outlay (\$14,000), fire and ambulance (\$4,159), and ordinance enforcement (\$5,452). Actual revenue exceeded budgeted revenue by \$16,044.

### Capital Assets

The Township had \$169,318 invested in capital assets (net of depreciation) as of March 31, 2006. There were no capital acquisitions for the year. Current year depreciation was \$11,647. Additional information regarding capital asset activity is included in the notes to the financial statements. Land is the only nondepreciable asset.

The depreciable assets are building and improvements, computer equipment and software, furniture and fixtures, fire fighting equipment, and other equipment. Items purchased in prior years are recorded at approximate historical cost. It is the Township's policy to record all items that exceed \$500 and have a useful life beyond one reporting period as capital assets. Additionally, all computer equipment and all furniture purchased, even if less than \$500, are reported as capital assets.

### Future Operations

Revenue is expected to increase a bit for the fiscal year ending March 31, 2007. The increases are expected in Property Taxes, State Revenue Sharing, and income from Roads. The most significant change in spending is that Road expenditures are expected to more than double..



Constantine Township  
Statement of Net Assets  
March 31, 2006

	Primary Government Governmental Activities: General Fund	Component Unit: Constantine Township Library
ASSETS		
Cash	\$71,108	\$140,563
Investments	344,946	158,227
Property taxes receivable	4,479	105,725
Due from tax collection account	606	0
Accounts receivable	5,735	0
Capital assets:		
Nondepreciable:		
Land	105,865	32,007
Circulating items	0	218,030
Depreciable (net of depreciation)		
Building and improvements	40,356	80,950
Furniture and fixtures	1,616	2,875
Computer equipment and software	3,666	12,632
Fire equipment	16,934	0
Other equipment	881	3,943
Total capital assets	<u>169,318</u>	<u>350,437</u>
Total assets	<u>596,192</u>	<u>754,952</u>
LIABILITIES		
Accounts Payable	<u>4046</u>	<u>0</u>
NET ASSETS		
Invested in capital assets	169,318	350,437
Restricted	152,676	33,911
Unrestricted	<u>270,152</u>	<u>370,604</u>
Total net assets	<u>\$592,146</u>	<u>\$754,952</u>

See accompanying notes to financial statements.

Constantine Township  
Statement of Activities  
For the Year Ended March 31, 2006

Functions	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets	
			Primary Government Governmental Activities	Component Unit Constantine Township Library
Primary Government				
Governmental Activities:				
General government	\$161,396	\$12,135	(\$149,261)	
Public safety	43,149	5,640	(37,509)	
Public works	25,688	0	(25,688)	
Total governmental activities	<u>\$230,233</u>	<u>\$17,775</u>	<u>(\$212,458)</u>	
Component Unit:				
Township Library	\$112,261	\$6,076		(\$106,185)
General Revenues				
Taxes:				
Property taxes			50,644	95,129
IFT taxes			5,595	10,577
PA 48 Fees			3,880	0
Other taxes			170	0
Penalty and interest			780	0
Tax collection fee			5,293	0
Special assessments			490	0
State revenue sharing/aid			140,885	4,274
Interest earned			11,030	7,227
Refunds and reimbursements			3,084	4,596
Permits, fees, fines			1,500	17,761
Miscellaneous			3,218	7,226
			<u>226,569</u>	<u>146,790</u>
Change in net assets			14,111	40,605
Net assets - beginning of year			<u>578,035</u>	<u>714,347</u>
Net assets - end of year			<u>\$592,146</u>	<u>\$754,952</u>

See accompanying notes to financial statements.

Constantine Township  
Balance Sheet - Governmental Funds  
March 31, 2006

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$71,108
Investments	344,946
Property taxes receivable	4,479
Due from tax collection account	606
Accounts receivable	<u>5,735</u>
Total assets	<u>\$426,874</u>
<b>LIABILITIES</b>	
Accounts payable	\$4,046
<b>FUND BALANCES</b>	
Restricted	152,676
Unrestricted	<u>270,152</u>
Total fund balances	<u>422,828</u>
Total liabilities and fund balances	<u>\$426,874</u>

Reconciliation of the Government Fund Balance Sheet to the Statement of Net Assets

Total fund balance - Governmental funds	\$422,828
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>169,318</u>
Net assets of governmental activities	<u>\$592,146</u>

See accompanying notes to financial statements.

Constantine Township  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
March 31, 2006

	General Fund
REVENUES	
Property taxes	\$61,069
Tax collection fee	5,293
State revenue sharing	140,885
Charges for services -	
Cemetery	12,135
Fire	5,640
Interest earned	11,030
Refunds and reimbursements	3,084
Permits and fees	1,500
Miscellaneous income	3,218
Special assessments	490
	<hr/>
Total revenues	244,344
EXPENDITURES	
General Government:	
Township board	40,752
Supervisor	10,500
Clerk	17,460
Treasurer	20,200
Assessor	21,344
Election	1,524
Board of Review	1,355
Building and grounds	2,868
Cemetery -	
Sexton	32,000
Supplies	6,366
Capital outlay	0
	<hr/>
	154,369
Public Safety:	
Fire and ambulance	35,841
Planning and zoning	1,140
Ordinance enforcement	1,548
	<hr/>
	38,529
Public Works:	
Roads	25,688
	<hr/>
Total Expenditures	218,586
	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,758
FUND BALANCE - April 1, 2005	397,070
	<hr/>
FUND BALANCE - March 31, 2006	\$422,828
	<hr/>

See accompanying notes to financial statements.

Constantine Township  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Activities  
For the Year Ended March 31, 2006

Net change in fund balances - total governmental funds	\$25,758
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) were exceeded by depreciation (\$11,647) in the current period.	<u>(11,647)</u>
Change in net assets of governmental activities	<u><u>\$14,111</u></u>

See accompanying notes to financial statements.

Constantine Township  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
March 31, 2006

	Agency Fund - Tax Collection <u>Account</u>
ASSETS	
Cash	<u>\$606</u>
LIABILITIES	
Due to other governmental units	<u>\$606</u>

See accompanying notes to financial statements.

CONSTANTINE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2006

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township was organized in the mid-1880's and covers an area of 35.5 square miles. The Township operates under an elected board of five members and provides services to its almost 4,200 residents in many areas including road maintenance, fire protection, and ambulance service.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

A. REPORTING ENTITY

These financial statements present the Township and its component unit, the Constantine Township Library. As defined by GASB No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township. While the Township's year ends on March 31, the Library's year ends on December 31.

The primary objective of the Library is to provide and organize significant books and other printed or recorded materials and to give guidance in their use; to help people in their search for greater understanding and in the quest for reliable information and exploration of a more secure and creative pattern for living; to guide patrons in pursuit of recreational enjoyment of printed materials and recorded transcripts. Complete financial statements of the Library may be obtained from Constantine Township Library, 165 Canaris Street, Constantine, MI 49042.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The Township's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business. The Township and the Library both have only governmental activities.

The government-wide Statement of Net Assets reports activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts--invested in capital assets; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The gross expenses, including depreciation, are reduced by related program revenues. The functions are also supported by general government revenues.

This government-wide focus is more on the sustainability of the Township as a whole and the change in the Township's net assets resulting from the current year's activities.

## C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The following fund types are used by the Township:

### 1. Governmental Fund:

The focus of the governmental fund's measurement is upon determination of financial position and changes in financial position rather than upon net income. The Township's only governmental fund is the general fund. It is used to account for all financial resources of the Township.

### 2. Fiduciary Fund:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The assets are not available to support Township programs. The reporting focus is on net assets and changes in net assets. The Township's only fiduciary fund is the tax collection fund which is an agency fund--the Township is acting in a purely custodial capacity for other governmental units. Since by definition these assets are being held for distribution to other local governments and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

## D. BASIS OF ACCOUNTING

The term basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to when a transaction or event is recognized and reported, regardless of the measurement focus applied. The measurement focus is used to denote what is being measured and recorded.

The accrual basis of accounting is used to report transactions in the government-wide financial statements. Revenues are recognized when earned and expenditures are recognized when incurred.

The modified accrual basis of accounting is used by the fund financial statements. Under this basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

## E. FINANCIAL STATEMENT AMOUNTS

1. Cash and investments - The amount reported as cash on the financial statements is money that is in checking and savings accounts. The amount reported as investments is in certificates of deposit and public funds investment trust accounts.

2. Capital assets - Capital assets reported in the government-wide financial statements are defined by the Township as assets with an initial cost of \$500 or more and an estimated useful life in excess of one year, with the exception of computer equipment and furniture, which are always recorded as capital assets. The depreciable assets are recorded at historical cost or as close to historical cost as could be determined. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A complete capital asset inventory was taken prior to implementing the new reporting model.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and additions	40 years
Building improvements	10 - 40 years
Furniture and fixtures	10 years
Computer equipment and software	5 years
Fire equipment	10 years
Other equipment	10 years



3. Revenues - Substantially all governmental fund revenues are reported on the accrual basis, since property taxes are billed and collected within the same period, or within sixty days of the end of the period, in which they are levied.

4. Expenditures - Expenditures are reported when the related liability is incurred.

#### F. RESTRICTED FUND BALANCES

The restricted fund balance is money that is put into its own bank account and is earmarked for future purchases of major fire-fighting equipment.

#### NOTE II - COMPLIANCE AND ACCOUNTABILITY

Budgetary considerations - A budget for the general fund is required by state law. The first draft of the 2005-2006 budget was proposed at the January 2005 meeting. It was reviewed at the February 2005 board meeting and adopted at the March 2005 meeting. The budget was amended several times during the year to prevent overruns in various accounts. There were no excess expenditures.

#### NOTE III - ASSETS

##### A. Cash and investments

The Township's deposits are held at two different banks in the name of the Township. All deposits are in accordance with statutory authority. The bank deposits are categorized below to give an indication of the risk assumed by the Township. There were outstanding checks totaling \$8,358 (Primary) and \$9,010 (Library) as of March 31, 2006.

- \* Category 1 includes insured or collateralized deposits with securities held by the Township or its agent in the Township's name.
- \* Category 2 includes collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Township's name.
- \* Category 3 includes uninsured and uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent, but not in the Township's name.

##### Primary Government:

##### Component unit - Constantine Township Library:

Category	<u>Carrying Amount</u>	<u>Bank Balance</u>	Category	<u>Carrying Amount</u>	<u>Bank Balance</u>
1	\$337,771	\$346,129	1	\$186,267	\$195,277
3	78,283	78,283	3	112,523	112,523
Totals	<u>\$416,054</u>	<u>\$424,412</u>	Totals	<u>\$298,790</u>	<u>\$307,800</u>

##### B. Property taxes receivable

Properties taxes are levied December 1 and payable by February 14. At the settlement date, March 31, the unpaid taxes are turned into the county. The county pays the Township for the delinquent real property taxes. This is the amount reported as "property taxes receivable" on the financial statements. The Township treasurer continues to collect the delinquent personal property taxes. The 2005 ad valorem taxes levied consisted of .5000 mills for Township operating purposes and a total of \$490 for road special assessments. The Library levy was .94520 mills.

### C. Change in capital assets

Current year depreciation expense was \$11,647. Changes in capital assets were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets:				
Land	\$105,865	\$0	\$0	\$105,865
Depreciable assets:				
Buildings and improvements	140,610	0	0	140,610
Furniture and fixtures	10,265	0	0	10,265
Computer equipment/software	21,194	0	0	21,194
Fire equipment	277,290	0	0	277,290
Other equipment	19,769	0	0	19,769
Total depreciable assets	469,128	0	0	469,128
Less accumulated depreciation:				
Buildings and improvements	96,081	4,173	0	100,254
Furniture and fixtures	8,330	319	0	8,649
Computer equipment/software	15,922	1,606	0	17,528
Fire equipment	255,736	4,620	0	260,356
Other equipment	17,959	929	0	18,888
Total accumulated depreciation	394,028	11,647	0	405,675
Net depreciable assets	75,100	(11,647)	0	63,453
Net total capital assets	\$180,965	(\$11,647)	\$0	\$169,318

### NOTE IV - INSURANCE RISK

The Township's insurance for Workers' Compensation, General Liability and Property Loss and fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding.

### NOTE V - RELATED PARTY TRANSACTIONS

The Constantine Township Library and Constantine Township offices occupy the same building. Approximately 2/3 of the area is used by the Library and 1/3 is used by the Township. Restroom facilities and utilities are shared by the two organizations. By informal agreement, the Library pays for most of the utilities and the Township provides all insurance coverage for the Library, except for bonding.

Constantine Township  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Original Budget, Final Budget, and Actual - General Fund  
For the Year Ended March 31, 2006

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$58,500	\$58,500	\$61,069	\$2,569
Tax collection fees	5,200	5,200	5,293	93
State revenue sharing	140,000	140,000	140,885	885
Charges for services -				
Cemetery	10,000	10,000	12,135	2,135
Fire	8,000	8,000	5,640	(2,360)
Interest earned	3,000	3,000	11,030	8,030
Refunds and reimbursements	100	100	3,084	2,984
Permits and fees	0	0	1,500	1,500
Miscellaneous income	3,200	3,200	3,218	18
Special assessments	300	300	490	190
Total revenues	228,300	228,300	244,344	16,044
EXPENDITURES				
General Government:				
Township board	59,300	60,300	40,752	19,548
Supervisor	10,500	10,500	10,500	0
Clerk	17,460	17,460	17,460	0
Treasurer	20,200	20,200	20,200	0
Assessor salary and supplies	21,950	21,950	21,344	606
Election	5,500	5,500	1,524	3,976
Board of Review/Appeals	2,100	2,100	1,355	745
Building and grounds	5,000	5,000	2,868	2,132
Cemetery -				
Scxton	32,000	32,000	32,000	0
Supplies	20,000	20,000	6,366	13,634
Capital outlay	14,000	14,000	0	14,000
Total general government	208,010	209,010	154,369	54,641
Public Safety:				
Fire and ambulance	30,000	40,000	35,841	4,159
Planning and zoning	2,000	2,000	1,140	860
Ordinance enforcement	7,000	7,000	1,548	5,452
Total public safety	39,000	49,000	38,529	10,471
Public Works:				
Roads	33,500	36,500	25,688	10,812
Total expenditures	280,510	294,510	218,586	75,924
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,210)	(66,210)	25,758	91,968
FUND BALANCE - April 1, 2005	397,070	397,070	397,070	0
FUND BALANCE - March 31, 2006	<u>\$344,860</u>	<u>\$330,860</u>	<u>\$422,828</u>	<u>\$91,968</u>

See accompanying notes to financial statements.

Constantine Township  
Schedule of Township Board Expenditures  
For the Year Ended March 31, 2006

Trustees	\$3,500
Supplies	4,484
Dues	1,768
Audit	2,000
Legal	872
Insurance	11,471
Printing and Publishing	1,542
Summer Recreation/Domestic Assault	4,000
Payroll Tax Expense	5,402
Miscellaneous	130
Land Resource Fees	5,583
Refunds and Reimbursements	<u>0</u>
Total Board Expenditures	<u>\$40,752</u>

See accompanying notes to financial statements.

Constantine Township  
Reconciliation of 2005 Tax Roll  
March 31, 2006

COLLECTIONS	Roll	Collected	Returned Delinquent
County:			
Operating	\$460,752	\$424,826	\$35,926
Commission on Aging	33,369	30,418	2,951
911	72,046	65,673	6,373
Roads	100,603	91,705	8,898
Intermediate Schools	23,117	21,073	2,044
Special Education	248,727	226,726	22,001
Community College	274,398	250,126	24,272
State Education Tax	598,913	567,972	30,941
School Districts:			
Constantine	809,486	766,689	42,797
Constantine - Debt	656,342	602,974	53,368
White Pigeon	5,481	2,885	2,596
Three Rivers	8,086	6,445	1,641
Three Rivers - Debt	20,768	15,542	5,226
Township:			
Operating	50,644	46,165	4,479
Library	95,741	87,272	8,469
Special Assessment	490	428	62
Unpaid Bills	1,500	250	1,250
Total Taxes	<u>\$3,460,463</u>	3,207,169	<u>\$253,294</u>
Industrial Facilities Tax		554,461	
Dog Licenses		1,145	
Interest		3,653	
2004 Delinquent Taxes		11,900	
Trailer Park Monies		306	
Delinquent Personal Property Taxes		2,117	
Overpayments/Refunds		3,237	
Tax Collection Fee		5,293	
Total Collections		<u>\$3,789,281</u>	
REMITTANCES			
State of Michigan		\$356,231	
St. Joseph County		1,788,288	
Constantine School District		1,446,344	
White Pigeon School District		2,885	
Three Rivers School District		21,987	
Constantine Township		64,201	
Constantine Township Library		105,603	
Refunds/Miscellaneous		3,237	
Total Remittances		<u>\$3,788,776</u>	
CHANGE IN CASH BALANCE		505	
CASH - BEGINNING OF YEAR		<u>101</u>	
CASH - END OF YEAR		<u>\$606</u>	

See accompanying notes to financial statements.

## Jones' CPA Office

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Shirley J. Jones, CPA

100 S. Washington Street  
Constantine, MI 49042  
Phone/Fax: 269-435-7702  
Email: jonescpa@voyager.net

June 26, 2006

To the Supervisor and Board  
Constantine Township  
St. Joseph County, Michigan

We are writing this letter in conjunction with the audit of the financial records for the Township of Constantine for the fiscal year ended March 31, 2006. We will forward to the State of Michigan their required copies of the report.

The issues mentioned in the March 31, 2005 audit comments have been addressed. The annual updates for computer software programs were recorded correctly this fiscal year and the overpayment to Land Resource that was noted in the March 31, 2005 audit was credited to your account.

During the course of this year's audit it came to my attention that the Village of Constantine did not acknowledge that the payment you made to them on June 14, 2005 was overpaid by \$4,111.51. The clerk is working on resolving that issue.

Thank you for your cooperation during the course of the audit. Please call at any time if you have questions.

Sincerely,

JONES' CPA OFFICE

Shirley J. Jones, CPA